HIPAA
National Provider Identifier
White Papers

The Impact of the NPI on the Pharmacy Services Sector Using the NCPDP Standards

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The writers of this paper will review and possibly update their recommendations once CMS has provided their duplicate logic.

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I. Purpose

The National Council for Prescription Drug Programs (NCPDP) in collaboration with WEDI SNIP has identified certain aspects of the NPI relevant to the pharmacy industry implementation of the NPI standard identifier as mandated by HIPAA. The purpose of this paper is to discuss key topics and issues relevant to the pharmacy industry as the NPI replaces existing identifiers. This paper was constructed based upon the Final Rule "HIPAA Administrative Simplification: Standard Unique Health Identifier for Health Care Providers", which requires the use of NPI as health care provider IDs on every HIPAA mandated electronic transaction.

Entities such as health care providers, health plans, health care clearinghouses as well as business associates such as prescription benefit managers (PBMs) and vendors that support all of these entities need adequate time to modify business processes, system changes and test software changes for the NPI implementation. Health care providers and their software vendors need to evaluate the changes to their systems and their interactions with other health care entities to properly prepare for the use of the NPI in HIPAA-named transactions. Health care clearinghouses deal with a variety of health care provider and payer systems, including business rules (sometimes even for the health care service encounter) and must know the internal changes they have to make as they serve as a "middleman" between health care providers and health plans. PBMs in their role as a business associate with health plans must understand the implications to their systems and clients. They must also coordinate implementation of the NPI with health care providers. Health care providers, vendors, health care clearinghouses and PBMs need to understand the business and technical issues they need to address for the NPI implementation. This paper will highlight and address the issues of the pharmacy industry.

WEDI SNIP has created many educational white papers on different aspects of the NPI and the health care industry. Papers include information on the NPI registration process, impact on health plans and clearinghouses, subparts, and others. These papers are available at http://www.wedi.org/snip/.

II. Scope

This paper focuses on the key issues that the pharmacy industry will need to address when working to implement the NPI using the NCPDP Standards. The paper also provides recommendations on the key issues to allow for a smooth transition to the NPI.

The following issues will be addressed:
- ➢ Key Facts About the NPI
- ➢ Proposed Milestones Preparing for NPI Implementation
- ➢ Administration issues
- ➢ Implementation Issues
    - o Data Dissemination
- ➢ Technical Issues
    - o Accuracy of data files
    - o Electronic File Interface (including Bulk Enumeration)
    - o Cross referencing requirements
    - o Transaction Specific Facts / Using Multiple Identifiers after the compliance date
    - o Adjudication issues
    - o Reporting requirements
    - o 835 payment issues
- ➢ Industry Guidance

For ease of understanding the entities discussed in this paper, the following definitions and diagram are included:

A.   Entities

Health Care Providers are defined as entities that meet the regulatory definition of "health care provider" found at 45 CFR 160.103. "Covered health care" providers are those who conduct any of the HIPAA standard transactions (referred to as "covered transactions" in this White Paper). All health care providers are eligible for NPIs; covered health care providers, and subparts of covered organization health care providers who conduct standard transactions, must obtain and use NPIs. Entity Type Code 1 health care providers are individual human beings such as physicians, dentists, nurses, pharmacists, etc. Entity Type Code 2 health care providers are other than individual human beings, that is, organizations. Examples of Type 2 would be hospitals, clinics, nursing homes, pharmacies, etc.

> For the purposes of this document, the term *Health Care Providers* will not be used. The terms *Prescribers, Pharmacies*, and *Pharmacists* will be used.

Software Vendors can include any entity that provides software or systems used by providers or provider organizations for the purpose of generating or receiving HIPAA transactions submitted to insurance carriers or agents on their behalf.

Clearinghouses can include any entity that takes non-standard format transactions and translates them into standard format transactions for eventual processing by entities that can accept and utilize standard transactions. The reverse may also be true, as the

clearinghouse receives standard transactions and translates them back into non-standard data or format for an entity that is not able to accommodate the standard transactions. Clearinghouses may also manage EDI connectivity between providers, vendors, other clearinghouses, and insurance carriers, in addition to providing data-related services (i.e. standard-HIPAA validation, legacy format identifier-to-NPI cross-walking).
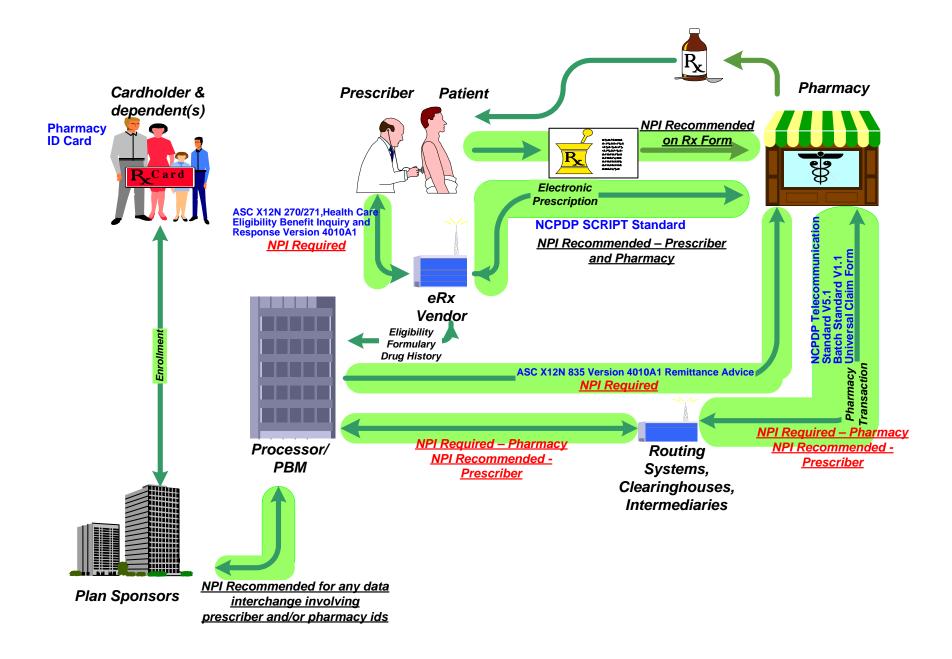
Intermediaries perform contractual services such a*s* Reconciliation Services, Formulary Services, and Pre and Post Claim editing.

Plan Sponsors establish and maintain benefit plans, and may be an employer, managed care organization, health care insurer or client of a Prescription Benefit Manager or Processor.

Prescription Benefit Managers process prescription drug claims on-line utilizing the NCPDP Telecommunication Standard Version 5.1 as named by the Health Insurance Portability and Accountability Act of 1996 (HIPAA). PBMs also process drug benefit claims via paper and NCPDP Batch Standard Version 1.1. PBMs utilize telecommunication lines that connect to pharmacies, routing systems (switches) and Health Plans to transfer data real-time and in batch mode. A PBM may provide editing services such as drug coverage and utilization review, duplicate claim checking, prescriber and pharmacy verification and restrictions, etc.

Processors are often a third-party administrator of prescription drug programs on behalf of insurers. The Processor may also be an insurer, a governmental program or any other entity, which receives prescription drug claims, makes a decision regarding the level of reimbursement to the provider, and transmits a response to the provider.

Routing Systems (Switches) connect pharmacies, PBMs, clearinghouses and processors via various telecommunication methods such as frame-relay and TCP/IP. Claims are typically transmitted on-line or though batch files from pharmacies to routing systems, which pass the transactions to PBMs and processors.

Cardholder & dependent(s)

Pharmacy ID Card

R Card

Prescriber   **Patient**

Pharmacy

NPI Recommended on Rx Form

ASC X12N 270/271,Health Care Eligibility Benefit Inquiry and Response Version 4010A1
NPI Required

Electronic Prescription

NCPDP SCRIPT Standard
NPI Recommended – Prescriber and Pharmacy

eRx Vendor

Eligibility Formulary Drug History

NCPDP Telecommunication Standard V5.1 Batch Standard V1.1 Universal Claim Form

Pharmacy Transaction

ASC X12N 835 Version 4010A1 Remittance Advice
NPI Required

Processor/ PBM

NPI Required – Pharmacy NPI Recommended - Prescriber

Routing Systems, Clearinghouses, Intermediaries

NPI Required – Pharmacy NPI Recommended - Prescriber

Enrollment

Plan Sponsors

NPI Recommended for any data interchange involving prescriber and/or pharmacy ids

III. WEDI PAG Recommendations

The WEDI NPI Policy Advisory Group (PAG) met in 2004 to discuss issues related to the planning and implementation of the National Provider Identifier, build consensus regarding how to address these issues and provide recommendations to CMS on the matter.

In October 2004, WEDI submitted a letter to the Secretary of Health and Human Services containing a series of recommendations related to the preparation, planning, transitioning and final implementation of the NPI.

A full copy of the letter can be obtained from the WEDI website at http://www.wedi.org

It should be noted that the recommendations of the WEDI letter were mainly from the medical processing perspective. For pharmacy processing, this white paper should be used for specific recommendations for this industry.

IV.   NPI Administration

A.   Registration

Issue: The current web-based or paper NPI application forms do not specifically request the pharmacy identifier currently used in the pharmacy industry, the NCPDP Provider Identification Number (formerly known as the NABP Number). This number is critical in order for the pharmacy industry to create a file cross-referencing the NCPDP Provider Identifier to the pharmacy's NPI.

*Recommendation***:**   For paper form submissions in the "Other Provider Identification Numbers" "Section C", use the **first occurrence** of "Other Number Type" and insert the NCPDP Provider ID Number (without dashes) in the "Number" column. The "State" column is mandatory and the "Issuer" column must contain "NCPDP".

For internet submissions, on the NPI application form when selecting the "Add other identification number" screen from the type drop down list, select "Other" and enter the 7-digit NCPDP Provider ID Number (without dashes or spaces) in the first occurrence. The "State" field is mandatory and the "Description" field must contain "NCPDP".

For electronic file interchange (EFI) submissions, NCPDP will place the NCPDP Provider ID Number (without dashes) in the **first occurrence** of "Other Number Type".

*Recommendation***:**   To access the available taxonomy codes, please refer to *www.wpc-edi.com/taxonomy*.

Issue: What should be done when the pharmacy has additional lines of business that requires additional taxonomy codes?

Recommendation: If the pharmacy has additional taxonomy codes, please refer to *www.wpc-edi.com/taxonomy for additional codes.* Please add these codes to your application.

Issue: What if my pharmacy has multiple NCPDP IDs for one physical location? What should be done?

Recommendation: If a pharmacy has multiple lines of business, it may apply for NPIs for each line of business (subpart). Refer to the WEDI Subparts paper for more information.

Issue: Does the pharmacist need to be enumerated?

Recommendation: Whenever there is a need for an individual pharmacist to be identified in a transaction, the pharmacist should apply for a separate Type 1 individual NPI with appropriate taxonomy.

Issue: Requirement of pharmacy state license number for the enumeration of the pharmacy provider

Recommendation: Currently, the State Board of Pharmacy license numbers are required on the NPI application. CMS has stated that it is not a requirement for pharmacy enumeration. However, we recommend that pharmacies include their state license number, if available, on the application. This will aid in duplicate checking. In cases where a pharmacy is licensed in multiple states and submits a state license number, the pharmacy should use the state license where it is physically located.

Issue: Delay of the enumeration of pharmacy providers that use the EFI process

Recommendation: Pharmacies that intend on continuing to utilize the National Council for Prescription Drug Programs (NCPDP), as an agent for enumeration should delay applying for an NPI until contacted by NCPDP to update their demographic information on the NCPDP Pharmacy Database. NCPDP began submitting electronic files to NPPES in May 2006, as soon as NPPES availability was announced. Pharmacy Benefit Managers (PBMs) have indicated a willingness to delay any testing and use of the NPI for HIPAA transactions until after May 23, 2006.

Issue: Enumeration of pharmacies and subparts

Recommendation: Individuals who render health care or furnish health care supplies to patients; e.g., physicians, dentists, nurses, chiropractors, pharmacists, physical therapists are Type 1 entities and obtain an individual NPI. Organizations that render health care services, or furnish health care supplies to patients; e.g., hospitals, home health agencies, ambulance companies, health maintenance organizations, durable medical equipment suppliers, pharmacies are Type 2 entities and obtain an organizational NPI.

Each licensed pharmacy will obtain a Type 2 Organizational NPI. <u>It is not recommended</u> that a pharmacy chain headquarters obtain an NPI. Pharmacies are affiliated with their parent organization, headquarters, or other affiliations in the NCPDP Pharmacy Database. These relationships will continue to be maintained by NCPDP.

B.   Bulk Enumeration and EFI Submission

Issue: Organizations intending to become EFI Organizations (bulk enumerators) vary widely in the number of providers they intend to submit and maintain on behalf of providers. Some potential EFI organizations do not wish to carry the responsibility for provider maintenance in the NPPES, but only wish to bulk enumerate, obtain and disseminate the initial NPI. Other potential EFI organizations may employ providers or for other business reasons do not want the NPPES updated by anyone other than themselves. NCPDP intends to become an EFI organization on behalf of pharmacies and will become the agent for up to 70,000 pharmacies. NCPDP will both bulk enumerate and provide updated pharmacy information to the NPPES.

Recommendation: Any requirements of EFI organizations must be scalable for both large and small EFI organizations, must insure the integrity of the data maintained in the NPPES and at the same time not present significant administrative burden on EFI organizations. Doing the latter will discourage EFI submission and CMS will not experience the efficiencies inherent in batch enumeration and maintenance. NCPDP has been enumerating pharmacies since 1981 and prescribers since 2002. NCPDP is familiar with the issues related to enumeration and database maintenance. Different rules should be considered for "data freshness" and provider authorization for those becoming EFI organizations for individuals (Type 1) and those submitting on behalf of organizations (Type 2). In order to insure the integrity of the data in the NPPES, EFI organizations authorized by providers of all types should also bear the responsibility for data maintenance unless the provider rescinds the authorization given to the EFI organization. The EFI organization should maintain such records. Please refer to the WEDI White Paper on EFI Submission (under construction as of the writing of this paper).

Issue: NCPDP intends on becoming an EFI organization on behalf of pharmacies and has requested that pharmacies delay obtaining an NPI until NCPDP has been certified by CMS or the Enumerator.

Recommendation: CMS must meet their previously announced dates for details on NPPES data dissemination, EFI organization applications and certification and live electronic file interchange with the NPPES in order to allow adequate time for EFI organization/NPPES file transfer testing, data collection, enumeration and NPI dissemination, and industry testing.

(Note: Discussion continues and direction from CMS is pending regarding the issuance of a new NPI when a change of ownership occurs.)

C.   Data Dissemination

Issue: Pharmacy cannot use the dual identifier method of building NPI databases as was recommended by WEDI in the Dual Identifier white paper. In order to build crosswalks for the purpose of matching current identifiers to the NPI, the number of identifiers that a pharmacy provider submits and the number of identifiers that are contained in the files disseminated to users (payers, clearinghouses, software vendors, etc.) is critical to a successful implementation of the NPI

Recommendation: Even though up to 20 Other Provider Identification Numbers will be stored in the NPPES, all pharmacy providers must submit their NCPDP Provider ID **in the first occurrence** of the "Other" identification number on the NPI application, as well as the DEA number and state license number, when available.

NCPDP will perform this function on behalf of pharmacies authorizing them to do so.

Issue: Accuracy of NPI files provided by CMS

Recommendation: The accuracy of the file is dependent on the accuracy of the information that was used during the registration process as well as the diligence of providers in maintaining current information on the NPPES. Refer to Sections VIII and IX in the WEDI white paper – *The NPI Registration Process* for information on field level editing and mandatory requirements for enrollment and enumeration.

Issue: Availability of obtaining the Other ID Numbers submitted – pharmacy and prescriber

Recommendation: When the NPPES begins disseminating the files, all identifiers and the NPI type, along with issuer name/organization that were submitted must be contained in the file in order for the pharmacy industry to create the necessary cross referencing to legacy identifiers. In section "NPI Administration", subsection "Registration" specific instructions were given to relay these other identifiers (i.e. DEA, NCPDP Provider ID and state license number) during registration. It is very important that these identifiers be listed on the dissemination file along with issuer name/organization so that entities that receive a file from NPPES are able to link commonly used identifiers in pharmacy processing (NCPDP Provider ID, DEA) to the new NPI.

Today, the pharmacy industry uses the DEA number to identify the prescriber. The DEA number must be provided on the NPI dissemination file to aid in creating a cross-reference from the NPI prescriber to the DEA. Refer to the WEDI white paper on data dissemination (under construction as of the writing of this paper) for more information.

If unable to provide this information in the publicly available file, this information should be provided to EFI organizations.

Issue: Timeliness of Distribution of the NPI

Background: Pharmacy claims are Point of Sale (POS) transactions that occur in a real-time mode, usually while the patient is standing at the counter. In instances where the prescriber is required to be identified on a pharmacy claim before it can be processed, it is critical that the prescriber's NPI is known by the pharmacy at the time the prescription is filled. Prescriptions are one of the first activities performed by new providers. The pharmacy must also have their NPI weeks prior to opening so that it can be disseminated to PBMs and other processors of real-time claims. CMS has stated the NPI should be available within 48 hours of application.

Recommendation: The dissemination of the NPI on any output file provided by the enumerator should be daily or available to download as needed.

Issue: NPPES NPI Output File Format Modifications

Recommendation: Once output file formats are published, the NPPES should operate under industry accepted version/change control processes allowing adequate time for analysis, coding, testing, and implementation of new file formats.

Issue: Will the NPI file provide effective dates, reason codes, etc. for deactivation of NPI numbers?

Recommendation: The NPI file that is disseminated needs to include effective dates, reason codes, etc. for deactivation of NPI numbers.

V. NPI Usage

A.   For Pharmacies and Dispensing Locations

Issue: The State License Number should not be required to obtain an NPI since the issuance of a state license may be delayed when opening a new store location. Some states do not provide license numbers until 4-6 months after the store opens. The NPI must be disseminated to a payer weeks before the pharmacy opens in order for the pharmacy to submit a HIPAA transaction in real-time. (Real-time transactions represent 99% of all pharmacy transactions.)

Recommendation: A pharmacy must be able to apply for an NPI without a State License number when a state license has not been issued. CMS has changed their policy and as a result the web application process does not require the submission of a State License number even though the current paper application requires it. (Note: The paper application will be updated to reflect no need for a State License number when applying for an NPI.)

Issue: If the health plan requires that the prescriber be identified on a pharmacy transaction, what should a pharmacy submit on a pharmacy transaction when a prescriber does not have an NPI?

Background: There are various conditions that impact the answer to this question. Factors that affect the answer include:
- *Whether or not there are State regulations on lawfulness of the use of the prescriber's DEA and if they are tied to the use of the NPI*
- *Whether or not the prescriber must apply for an NPI because they are a covered entity*
- *A prescriber has chosen to not have an NPI*
- *Whether or not the health plans/PBMs require the prescriber to obtain an NPI even if the prescriber is not a covered entity*
- *The timeliness of obtaining an NPI. Implementers must be aware that, even under the best of conditions, there may be lag time between application for a prescriber's NPI and receipt and dissemination of the prescriber NPI. The NPI will be needed for on-line, real-time electronic transactions during this lag time*

Recommendation: Pharmacies should refer to the PBM/Processor "payer sheets" for the default identifier and qualifier) when the prescriber does not have an NPI. If no default is identified, the pharmacy should use the state license number and related qualifier for the prescriber.

Scenario 1: The prescriber is established and the pharmacy has submitted prescription claims on behalf of this prescriber's patients. The prescriber is known to the pharmacy via a legacy identifier. The prescriber either does not need to apply for an NPI or is in the process of applying for an NPI.

Recommendation: The pharmacy submits claims using the default identifier and associated qualifier supplied on the "payer sheet" or the state license number when no default is identified. A nuance to Scenario 1 is if the State prohibits the use of the DEA on claims when the NPI is implemented. A legacy identifier of the DEA may no longer be possible.

Scenario 2: The prescriber is not in the pharmacy's legacy system and either does not need to apply for an NPI or is in the process of applying for an NPI. This can occur when there is a lag time between registration and enumeration, or when there is a discrepancy on an NPI (such as a duplicate condition occurring). The pharmacy must have an identifier that can be used to complete the patient's claim.

Recommendation: The pharmacy submits claims using the default identifier and qualifier supplied on the "payer sheet" or the state license number when no default is identified. A nuance to Scenario 2 is if the State prohibits the use of the DEA on claims when the NPI is implemented. A legacy identifier of the DEA may no longer be used; therefore, we suggest use of the default identifier. The pharmacy should encourage the prescriber to apply for an NPI even though they are not a covered entity and it is not a requirement.

Issue: How does the pharmacy know what the prescriber's NPI is?

Recommendation: The individual prescriber's NPI should be put on the prescription pad or e-Prescribing transaction. This would not replace the DEA number that is required for controlled substance prescription requirements.

The pharmacy will not be able to tell by looking at the NPI if it is the NPI for the prescriber or of the prescriber's office or organization. When populating provider or doctor files with NPIs, it is critical that pharmacies specifically ask provider offices for the NPIs of their prescribers and not the organization. The individual NPIs of the prescribers are what should be on the claim to correctly identify the prescriber.

Issue: Which NPI of the prescriber should the pharmacy load?

Recommendation: If the pharmacy is using a file disseminated from the NPPES, individual NPIs should be loaded for this function, not organizational NPIs.

Issue: Will the NPI replace all current identifiers in use?

Recommendation: No. There may be certain regulations that will continue to require use of identifiers other than the NPI. An example would be the use of the DEA on prescription pads and in pharmacy management systems; however, the pharmacy claim must contain the NPI. In addition, transactions not covered under HIPAA, such as Workers Compensation claims, are not required to use the NPI. Although Workers Compensation claims are not covered under HIPAA, the NPI is a common identifier that simplifies business processes and is recommended to be used.

In addition, pharmacies may need to keep cross-reference files of legacy identifiers to the NPI for audit purposes

Issue: Is the NPI required on the paper claim forms (e.g. UCF, HCFA-1500, UB-04)?

Recommendation: No, but the NPI as a common identifier simplifies business processes. The NPI applies only to HIPAA-named electronic standard transactions. The NPI is not required under law for use on paper transactions. However, if it is available and satisfies the business need, the NPI should be used on paper forms.

Issue: Are there restrictions to the use of the prescriber's DEA number prior to the compliance date of the NPI?

Recommendation: Yes. Several states have, as of the writing of this paper, passed legislation that prohibits or restricts the use of the prescriber's DEA on pharmacy claims transactions. It is recommended that the reader seek legal counsel for further information.

A tracking document of state regulations of DEA restrictions is maintained by NCPDP WG3 Standard Identifiers in the "State of States" document.

It is recommended that states refrain from further legislation that prohibits the use of the prescriber's DEA on claims unless that legislation is tied to the implementation dates of the NPI.

For states that have already passed restrictions on use of the prescriber's DEA that is not tied to the implementation dates of the NPI, a legacy identifier must be available for use (recommend state license number) and should be used until the implementation of the NPI.

Issue: What NPI should be used by dispensing physicians and alternate dispensing sites?

Recommendation: If a dispensing physician or an alternate dispensing site dispenses a prescription and submits a HIPAA-named transaction, the transaction should include the dispensing site's NPI or the individual prescriber NPI in the Service Provider ID field. In some circumstances these might be the same number.

B.   For Prescribers

Issue: Some prescribers will not be required to obtain an NPI under HIPAA

Recommendation: The NPI Final Rule requires a health care provider who uses a covered transaction to obtain and use an NPI. There are situations, however, where a prescriber may not have an NPI because they are not using a HIPAA-named transaction. We recommend that all health care providers who write prescriptions obtain and use an NPI, even though they are not required by law to do so. We would strongly encourage the following actions be taken in order to achieve a more efficient health care delivery system.

1. A health plan that has a physician network and requires the prescriber to be identified on the pharmacy claim must require the prescriber to obtain and use an NPI.

2. States that are legislating against the use of the DEA number on claims must also require the prescriber to obtain an NPI.

3. A group practice must require each prescriber writing prescriptions to obtain an (individual entity type code 1) NPI.

4. Entities that must have a means of identifying a prescriber can request the prescriber to obtain an (individual entity type code 1) NPI. (These entities could include pharmacies).

Issue: How does the prescriber communicate their NPI to the pharmacy?

Recommendation: The individual prescriber's NPI should be put on the prescription pad or e-Prescribing transaction. This would not replace the DEA number that is required for controlled substance prescription requirements. CMS could require the prescriber to communicate their NPI to the pharmacy when delivering prescriptions through e-Prescribing transaction.

Issue: If a prescriber has an Organization NPI (Type 2) and an Individual (Type 1) NPI, which should be used on the standard pharmacy transaction?

Recommendation: The Individual NPI must be used to identify the prescriber. Since the pharmacy will not be able to tell by looking at the NPI if it is the NPI for the prescriber or of the prescriber's office or organization, it is critical that prescribers provide the Individual NPI to the pharmacy.

C.   Processors and Payers

The following was a question submitted to CMS and their response.

Issue: If you sent an ASC X12N 835 file out to a provider (with the legacy identifiers) on 5/7/2007 and they call you on 6/1/2007 and say they never received the file, do you recreate the file using all the same information that was in the first file or do you run every claim transaction back through your system to populate the detail level of the 835 with the NPI?

CMS Response:
If you are resending a file that contains the exact same data you sent before, you send the exact same file. This is a transmission resend.

If you are going to regenerate the 835 file so that it might/does contain more claims that have come in since you created the first file (and this is 6/1 or after), then yes, you would need to regenerate the file to incorporate the new claims AND use the NPI.

Issue: The ASC X12N 835 allows for submission of both the NPI and legacy pharmacy identification number but the NCPDP Telecommunication Standard Version 5.1 allows for only one identifier to be submitted.

Recommendation: Prior to May 23, 2007, only the identifier sent on the NCPDP Telecommunication Standard Version 5.1 transaction should be reported back in the provider summary (Loop 2000, TS301) and rendering provider identifier (Loop 2100, NM109) on the X12N 835. From May 23, 2007, only the NPI should be sent as a provider ID in the provider summary (Loop 2000, TS301) and rendering provider identifier (Loop 2100, NM109) on the X12N 835. See section below on Use of NPI Without Disruption of Service for possible exceptions needed to avoid disruption of service.

Issue: Each time the payee identification at the Header Level changes, the structure of the 835 results in the creation of a separate payment. If the NPI is different for every pharmacy, how can payment for multiple pharmacies owned by a single entity be consolidated?

Recommendation: Payment may be made to entities that are not health care providers—for example, a Corporate entity, a third party billing agent or a Consolidator. If any of the above entities is considered to be the payee, the NPI is not required.

(Note: The issue of how the payee will be identified is still being discussed among X12, CMS, and NCPDP and is not yet resolved.)

Issue: The processors may be forced to accept legacy identifiers and NPI numbers from pharmacies within the same chain for a specific period of time.

Recommendation:

The pharmacy industry will create a timeline that identifies a date when only the NPI will be accepted as the pharmacy identifier. When NCPDP becomes a certified EFI Organization, NCPDP plans to bulk enumerate pharmacies in distinct batches and will coordinate with chain pharmacy headquarters to enumerate all their pharmacies in one or more batches thereby minimizing this issue.

Issue: WEDI has recommended a dual identifier submission solution during the first phase of implementation. The NCPDP Telecommunication Standard Version 5.1 does not support this solution.

Recommendation: The pharmacy industry must work towards a national implementation plan. Please refer to page 24 for the recommended pharmacy sector implementation timeline.

Issue: Pharmacy identifiers on Reversals (or Rebills) must match the Pharmacy identifiers on the original transaction.

Recommendation: When reversing or rebilling a transaction after the NPI implementation date recommended in the timeline, the reversal or rebill must be submitted with the NPI.

Issue: On the NPI implementation date, transactions with the legacy ID are received that were filled with dates of service for the day before. A consistent response by the processors should be given.

Recommendation: If the date of the transactions is 5/23/07 or later (for all but small health plans), the NPI must be used and the legacy identifier cannot be used. It is the transaction date, not the date of service, that matters in this respect.

Issue: Since all prescribers will not be required to get an NPI, a HIPAA-named transaction could be submitted with an identifier other than an NPI.

Recommendation: On pharmacy claims and other HIPAA-named transactions, processors should edit transactions based on information contained on the "payer sheet."

Issue: If a Provider goes out of business before obtaining an NPI and a Payer is required to create a HIPAA-covered Transaction after the NPI compliance date, what should they submit as the Provider ID on the Transaction?

Recommendation: The Payer should provide whatever ID they were using prior to the NPI compliance date or the ID that has been requested based on business requirements.

Issue: Since a prior authorization could be obtained prior to the implementation of the NPI and a claim could be submitted after the implementation, there could be an issue of the pharmacy and/or prescriber identifier matching to those that appear on the prior authorization.

Recommendation: Processors will either have to map from the legacy identifier to the NPI or create a new prior authorization on their system so that service to the patient is not disrupted.

Issue: Processors will have patient-lock-ins to pharmacies and prescribers based on legacy identifiers. The patient could be locked-in to one or multiple pharmacies and prescribers.

Recommendation: Processors must either map from the legacy identifier to the NPI or create a new lock-in file on their system using the NPI so that service to the patient is not disrupted.

Issue: Processors may determine drug coverage by identifying prescriber Specialty or Location Codes. Today processors use the AMA, American Board of Medical Specialty, or proprietary codes to certify prescriber specialty.

Recommendation: We recommend that processors continue to use their existing Specialty or Location codes to determine drug coverage since the NPI taxonomy codes will not be validated.

Issue: For Medicaid Subrogation: Medicaid may have paid the pharmacy using a legacy identifier for the pharmacy and the prescriber. When Medicaid bills another payer, the NPI regulation is now in effect.

Recommendation: Processors must map from the legacy identifier to the NPI.

Issue: Processors will begin to accept the NPI for pharmacies and prescribers prior to the required implementation date. The Plan Sponsors may not be capable of accepting the identifiers prior to the required implementation date.

Recommendation: An agreement between trading partners may require a crosswalk be created from the NPI to the legacy identifiers. This is dependent on dissemination of data from NPPES containing legacy identifiers with the NPI.

Issue: Processor legacy systems have policy and payment information tied to type, specialty and location codes. The NPI taxonomy code includes type and specialty only. The NPI taxonomy codes are not validated.

Recommendation: Processors should continue to maintain their legacy codes for policy information and payment.

Issue: Payer Sheets contain Processor specific requirements for pharmacy submission of prescription drug claims data. Processors require pharmacies to test and certify submission of new identifiers in claims transactions.

Recommendation: Processors should communicate to pharmacies well in advance regarding the changes required on transaction submission and certification requirements.

Issue: This paper recommends a crossover date for entities to start using the NPI. There will be occurrences where entities do not follow this recommendation.

Recommendation: Processors should map between the legacy and NPI identifier*.*

Issue: For purposes of identifying the prescriber and pharmacy for data interchanges between plan sponsors and processors, what identifier should be used?

Recommendation: The Identifier to be used is the NPI. The NPI should be used when available, however, when business purposes require and legacy identifier is available, it can be sent with NPI.

Issue: How do I validate the NPI on a transaction?

Recommendation: The level of validation will vary depending upon the business requirements of the entity. Basic validation of the identifier can be performed using the check digit algorithm. It should be pointed out that this is not the same as the DEA check digit validation algorithm. The NPI Final Rule explains the check digit (10th digit) as follows:

"The NPI check digit is calculated using the ISO standard Luhn check digit algorithm, a modulus 10 "double-add-double" algorithm. The specification for calculation of the NPI check digit will be made available on the CMS Web site (***http://www.cms.hhs.gov***)."

Validating the check digit will insure that the identifier value passes the rules of a valid formatted NPI value. It does not insure that the NPI is actually assigned to a healthcare provider.

To determine if the NPI is an active and assigned value, it will be necessary to perform a lookup against a healthcare provider database that is indexed by the NPI. The NCPDP Provider File can be used to perform this validation for pharmacies. A crosswalk should be created which may be available commercially (such as NCPDP HCIdea) or could be developed internally much like the National Technical Information Service (NTIS) DEA Registration file is used today.

VI.   Implementation

A.   Assumptions

1) Coordinated efforts by numerous stake-holders including governmental agencies, prescribers, pharmacies and other dispensing sites, payers and other affected entities will occur during implementation of the NPI in a manner that would cause the least amount of disruption in the provision of health care services and/or an adverse economic impact for the various stake-holders.
    a. The industry will allow a phase-in period to allow stakeholders to use either the new NPI or the previous prescriber identifier for a published period of time to prevent disruption of services to beneficiaries.
    b. The industry will initiate use of the NPI in the manner prescribed by this document and will not require the NPI to be used before participants have the opportunity to implement this enumerator in the software systems used throughout the industry.
2) CMS will meet their dates:
    a. NPPES will enumerate a sufficient number of prescribers to make the NPI viable for prescriber identification.
    b. The NPPES will distribute the NPIs for prescriber and other information in a manner that will allow industry stakeholders to utilize the file for prescriber identification on a pharmacy transaction.
3) CMS has to disseminate data to authorized entities that will facilitate the ability for industry to develop these crosswalks. The output file must include identifiers that were previously used by the pharmacy industry to facilitate a crosswalk between the legacy number and the NPI.
    a. For pharmacies, this is the NCPDP Provider ID, Medicaid ID number, and state license number(s) if available.
    b. For prescribers, this is the DEA Number, UPIN, Medicaid ID number and the state license number if available.
    c. The output file will be distributed prior to anyone implementing NPI in order to create the necessary cross-reference.

1.   UPDATE – ASSUMPTIONS THAT HAVE BEEN MET

1) NCPDP was certified by CMS as an EFI organization for pharmacies and other dispensing sites in the spring of 2006.

B.   Use of NPI Without Disruption of Service

It is very important for the industry to recognize that not all pharmacies and prescribers will have NPIs prior to electronic transactions being sent. Although an entity can seek an NPI prior to actually writing prescriptions or dispensing prescriptions, there will be legitimate reasons why an NPI has not been given by NPPES **or disseminated to the industry in time for business to commence**. The industry must be prepared to continue to accept and send legacy identifiers until/if the NPI is known. Electronic prescribing cannot cease or dispensing of prescriptions and billing of claims cease because transactions are being rejected due to lack of an NPI. The legacy identifier should be used to continue service to patients and providers.
Considerations:

- Lack of Identifiers
  - Prescriber not required to obtain an NPI
  - When the Health Plan requires submission of the prescriber's NPI on the HIPAA-named claim transaction and the pharmacy provider does not have the prescriber NPI to submit.
- Timing Issues
  - Prior to the Compliance Date
    - When the Health Plan requires a pharmacy NPI prior to the compliance date and the pharmacy has not yet received its NPI.
    - When the Health Plan requires a prescriber NPI on the HIPAA-named claim transaction/enrollment process prior to the compliance date and the prescriber has not yet received its NPI.
  - On and After the Compliance Date
    - When the Health Plan requires a pharmacy NPI as of the compliance date and the pharmacy has not yet received its NPI (for example: new pharmacy openings).
    - When the Health Plan requires a prescriber NPI on the HIPAA-named claim transaction as of the compliance date and the prescriber has not yet received its NPI.
  - HIPAA-named claim transactions with legacy identifiers that are submitted and adjudicated prior to the compliance date and it is required that the 835, if issued on or after the compliance date, will contain the NPIs in place of the legacy identifiers with the exception of an 835 retransmission
  - HIPAA-named transactions (claims, prior authorizations, appeals, etc.) with legacy identifiers that are submitted prior to the compliance date and adjudicated after the compliance date
- Dissemination Issues
  - To be completed once the Dissemination Notice is published
- Wrong NPI Provided by Prescribing Entity
  - The prescriber sends the organizational NPI on the prescription rather than the individual NPI

VII.   Other Considerations

A.   The National Provider ID (NPI) and Electronic Prescribing

<u>Overview</u>

The electronic prescribing standards are not HIPAA covered transactions and as such are not required to use the NPI. The Final Rule on the "Medicare Program; E-Prescribing and the Prescription Drug Program" under the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA)[1] received comments about the use of the NPI in electronic prescribing.

> *"Comment: Most of the commenters agreed that the NPI should eventually be the standard provider identifier for use in e-prescribing transactions. There also were some commenters who felt that the NPI needed to establish a proven track record, and should be included in the 2006 pilot project.*
>
> > *Response: We agree that the NPI should be the standard identifier for e-prescribing. It already is a HIPAA standard identifier that must be used in standard transactions, which means that covered entities (including Medicare, Medicaid, private insurers, clearinghouses, and other covered entities) must accept and use NPIs for covered HIPAA transactions by May 23, 2007, and May 23, 2008 for small health plans. Because the NPI is a new identifier and has not been used in the e-prescribing context, we will include it in the 2006 pilot project to determine how it works with e-prescribing standards that will be assessed. This also will allow for provider testing and phase-in.*
>
> *Comment: The majority of commenters said that the NPI should not be required for use until the May 2007 (or May 2008 for small health plans) HIPAA regulatory compliance dates. They indicated that there is a need for sufficient time for all providers to obtain NPIs since enumeration began on May 23, 2005. They stated that the industry has been preparing for the 2007 (and 2008 for small health plans) compliance dates, and any change to those dates will cause major disruption.*
>
> > *Response: We agree that a transition period is needed. CMS will transition to the NPI when compliance for most covered entities is mandated in May 2007 (May 2008 for small health plans). The NPI will not be required for use in e-prescribing transactions until the May 2007 date (May 2008 for small health plans). As a result, we will not adopt a specific standard identifier for prescribers or pharmacies conducting eprescribing for Medicare beneficiaries prior to the NPI dates. The NPI will be tested in the 2006 pilot project.*
>
> *Comment: Commenters had a variety of suggestions for alternative identifiers that could be used in Medicare eprescribing on an interim basis. These included the NCPDP provider number, the HCIdea number, Medicare provider identifiers, the DEA number, and proprietary numbers. However, not one of these identifiers is assigned to all pharmacies and prescribers in the United States.*
>
> > *Response: Until May 2007, entities that want to e-prescribe for Medicare beneficiaries may use other identifiers as specified by CMS in program instructions. Details are in CMS' "Instructions: Requirements for Submitting Prescription Drug Event Data" (June 24, 2005) available at http://www.cms.hhs.gov/pdps/revisedinstrs062305.pdf.*
>
> *Comment: Some commenters supported delaying the compliance date because they believe that the NPI will not be ready in time, or on a sufficient scale to achieve widespread use by January 1, 2006. The commenters stated that many entities would not be ready for such accelerated*

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[1] The rule was published in the Federal Register on November 7, 2005
http://www.access.gpo.gov/su_docs/fedreg/frcont05.html

> *implementation because they were working to meet the HIPAA implementation deadline for the NPI of May 2007 (May 2008 for small health plans).*
>
>> *Response: We recognize that the NPI may not be ready for widespread industry use by January 1, 2006. The use of the NPI in the e-prescribing context will be pilot tested. However, entities participating in Part D that want to eprescribe may use the NPI or other identifiers as specified by CMS, such as the NCPDP pharmacy identifier and the State license number for prescribers. Consequently, the availability of the NPI for use by January 1, 2006 will not affect the compliance date for the foundation standards. However, the NPI will be required for use in e-prescribing standards that are also HIPAA transactions as of the May 2007 HIPAA regulatory compliance date (except for small health plans for which the compliance date is May 2008)."*

It is not known at this point if entities involved in the electronic prescribing pilots underway in 2006 will be using the NPI.

It should be noted that the Final Rule applies to prescriptions written under Medicare Part D, and not electronic prescribing as a whole. The NCPDP SCRIPT Standard was named as the standard for electronic prescribing to external entities. The HL7 Standard can be used for medication orders within an organization. These standards are not named in HIPAA. Exemptions were given for long-term care facilities. The Final Rule did name the HIPAA transactions of

- *"The Accredited Standards Committee X12N 270/271-Health Care Eligibility Benefit Inquiry and Response, Version 4010, May 2000, Washington Publishing Company, 004010X092 and Addenda to Health Care Eligibility Benefit Inquiry and Response, Version 4010, A1, October 2002, Washington Publishing Company, 004010X092A1, for transmitting eligibility inquiries and responses between prescribers and Part D sponsors.*
- *(ii) The National Council for Prescription Drug Programs Telecommunication Standard Specification, Version 5, Release 1 (Version 5.1), September 1999, and equivalent NCPDP Batch Standard Batch Implementation Guide, Version 1, Release 1 (Version 1.1), January 2000 supporting Telecommunications Standard Implementation Guide, Version 5, Release 1 (Version 5.1), September 1999, for the NCPDP Data Record in the Detail Data Record, for transmitting eligibility inquiries and responses between dispensers and Part D sponsors."*

A joint effort of WEDI and NCPDP members is *The Impact of the NPI on the Pharmacy Services Sector Using the NCPDP Standards* White Paper. The white paper recommended

> *"In the interest of realizing a more efficient health care delivery system with the opportunity for providing the best service to patients, it is strongly recommended that the NPI be used for all electronic prescriptions to identify the prescriber and the pharmacy.*
>
> *The NCPDP SCRIPT Standard supports multiple prescriber identifiers with qualifiers. Every prescription should contain the NPI as one of those identifiers, and DEA number as a second identifier only for those prescriptions where there is a regulatory requirement to use the DEA number (i.e. controlled substances)."*

Another standard used in the electronic prescribing process is the NCPDP Formulary And Benefit Standard. This standard does not relay information at a prescriber or pharmacy level and therefore is not affected by the NPI.

VIII. Resources

CMS has established an industry-wide NPI web board (http://www.cms.hhs.gov/apps/npi/01_overview.asp) that contains CMS responses and can be used as the primary NPI reference tool for all implementers. It includes status reports issued by the enumerator that show the progress of enumeration made by each sector of the provider community.

IX. Timeline
A. Proposed Timeline for NPI Implementation within the Pharmacy Services sector

The NCPDP SNIP Committee is recommending the following time line for the implementation of the NPI for the pharmacy industry. The goal of this timeline is to provide for a more cohesive and orderly approach to the NPI implementation thereby eliminating service disruptions by the mandatory compliance date of May 23, 2007.

	Phase I 05/23/2005 through 1st Quarter 2006	Phase II 2nd Quarter 2006	Phase III 3rd Quarter 2006	Phase IV 4th Quarter 2006	Phase V 1st Quarter 2007	Final Phase May 23, 2007
	No NPI to be used		**NPI used in non-production mode only**		**NPI used in certification testing and production mode**	
NCPDP	Clarify all outstanding issues identified by NCPDP membership / NCPDP gains CMS certification for EFI / NCPDP updates Pharmacy Database / NCPDP testing with CMS-NPPES / NCPDP to use Provider File to bulk enumerate pharmacies	Report on % of NPIs in the Provider ID and HCIdea files. / NCPDP maintains pharmacy information after initial enumeration				
Processors / PBMs						
Clearinghouses, Intermediaries and Switches	Dialogue with business trading partners		Development and internal testing of NPI systems to be completed	Systems should be capable of using NPI and legacy identifiers. Unit Testing for non-production testing with trading partners	Certification testing and production use of NPI in HIPAA covered transactions with trading partners.	NPI to be used on all HIPAA covered transactions
Pharmacy	Pharmacies authorize NCPDP to obtain NPI; update NCPDP Pharmacy database. / Complete high level requirements planning and impact analysis for business operations	Systems should be planning to use NPIs on paper and electronic transactions / Complete detailed requirements and development plan for implementation of NPI	Pharmacies should be obtaining NPIs from prescribers on paper prescriptions. Pharmacies to load the NPI on their systems. / Pharmacies notify NCPDP of updates to NPPES			
Plan Sponsor (Clients, Healthplans, etc.)						
Prescriber	NPI enrollment system available. Physicians to begin to acquire NPIs. / Prescribers begin putting NPI on paper prescriptions					

1.   PHASE I - MAY 23, 2005 THROUGH 1ST QUARTER 2006

- General availability of the NPI enrollment system through web and paper. Prescribers begin to acquire NPIs.
- Clarify all outstanding issues identified by NCPDP's membership.
- Encourage dialogue with trading partners.
- NCPDP gains CMS certification for EFI
- NCPDP obtains authorization from pharmacies to acquire NPI on pharmacy's behalf.
- NCPDP provides pharmacies with application form and standard Excel file format for pharmacy database update and population.
  - o Pharmacies to provide missing data to NCPDP pertinent to the NPI submission, and enhancement data.
- Encourage prescribers who do not use covered transactions to obtain an NPI.
- All prescribers begin putting NPI, in addition to any current legacy identifiers, on paper and electronic prescriptions and make it available to pharmacies.
- Release of NPPES file format specifications by CMS to allow NCPDP to begin preparing for EFI submission.
- NCPDP programs to support NPPES file format specifications.
- Testing between NCPDP and CMS/NPPES.
- CMS to define data dissemination process (publish dissemination notice).
- All entities complete high-level requirements planning and impact analysis for their respective business operations.
- NPIs are not used during this period.

2.   PHASE II - 2ND QUARTER 2006

- All entities to begin coding of NPI solution.
- Project plans should be developed which establish a date for switchover based on the milestones in this timeline.
- NCPDP begins submitting EFIO files to NPPES for NPI assignments for pharmacies that have authorized NCPDP to be their bulk enumerator.
- NCPDP begins dissemination of NPIs to these pharmacies.
- NCPDP begins maintenance of NPPES and enumerates new pharmacies ongoing.
- NPIs, as known, are available on the NCPDP Pharmacy Database Files Version 2.0 to allowed entities per CMS Dissemination Notice.
- Pharmacy software system vendors, clearinghouses, intermediaries, switches, etc. should be planning to use NPIs for pharmacies, pharmacists, and prescribers on paper and electronic transactions with start dates coordinated with providers and health plans (government and commercial).
- NCPDP will issue status reports periodically that show the progress of enumeration made on pharmacies.
- NPIs are not used during this period.

3.   PHASE III - 3RD QUARTER 2006

- Development and internal testing of NPI systems to be completed.

- Pharmacies should be obtaining NPIs from prescribers on paper prescriptions and loading the prescriber NPIs on their systems.
- NCPDP continues to submit EFIO files to NPPES for NPI assignments from pharmacies that have authorized NCPDP to be their bulk enumerator.
- NCPDP continues to disseminate NPIs to these pharmacies and include on NCPDP Pharmacy Database Files to allowed entities
- NCPDP continues to update NPPES for maintenance (add, change, delete) of pharmacies.
- NCPDP will issue status reports periodically that show the progress of enumeration made on pharmacies.
- NPIs are not used during this period.

4. PHASE IV – 4TH QUARTER 2006

- Certification of NPI begins in non-production environment.
- Unit Testing for non-production testing of NPI with trading partners.
- Health plans and clearinghouses must be ready to accept and store NPI on inbound transactions in addition to legacy numbers.
- All entities verify ability to accept non-NPI for cases where prescriber has no NPI or when NPI cannot be determined.
- Pharmacy management systems should be capable of submitting NPI to processors.
- NCPDP continues to submit EFIO files to NPPES for NPI assignments from pharmacies that have authorized NCPDP to be their bulk enumerator.
- NCPDP continues to disseminate NPIs to these pharmacies.
- NCPDP continues to update NPPES for maintenance (add, change, delete) of pharmacies.
- NCPDP will issue status reports periodically that show the progress of enumeration made on pharmacies.
- NPIs are not used during this period.

5. PHASE V – 1ST QUARTER 2007

- Certification testing and production usage of NPI in HIPAA covered transactions with trading partners.
- Target usage of NPI in pharmacy industry transactions, including private and government prescription drug programs, for middle to late January 2007.
- Create a mechanism for organizations to voluntarily report their NPI findings to NCPDP– what works well – what doesn't.
  - o NCPDP to report percentage of NPIs on the NCPDP Pharmacy and HCIdea databases.
  - o NCPDP member companies to report NPI production usage to NCPDP via State of the States document
- NCPDP continues to update NPPES for maintenance (add, change, delete) of pharmacies.
- NCPDP will issue status reports periodically that show the progress of enumeration made on pharmacies.

6.   *FINAL PHASE – MAY 23, 2007*

- NPI to be used on all HIPAA covered transactions hereafter, as required.
- Crucial that prescribers put NPI on paper and electronic prescriptions.
- Pharmacies load the prescriber NPI on their systems.

X.   Acknowledgements

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XI.   Updates To The Document
A.   June 2006

Updates were made to the Electronic Prescribing section. Since EFI information was released late from CMS, 2005 dates were adjusted. A question and answer submitted to CMS on submission of ASC X12N 835 files was included. Added were considerations regarding the use of the NPI without disruption of service. The Other Recommendations section was changed to Resources since action had already been taken.

B.   January 2007

An Issue and Recommendation were added under *Processors and Payers* regarding a Provider going out of business before obtaining an NPI. Notes were added to pages 11 and 18 indicating continued discussion of issues.